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Digital inclusion as a gate way to easy digital payments

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Abstract

Digital Inclusion refers to the activities necessary to ensure that all individuals and communities, including the most disadvantaged, have access to and use of Information and Communication Technologies (ICTs) (digitalindia.gov). Digital India is a campaign launched by the Government of India in order to ensure the Government's services are made available to citizens electronically by improved online infrastructure making the country digitally empowered in the field of technology. It is launched on 1 July 2015, by Indian Prime Minister Naredra Modi. To make our nation cashless, faceless and paperless govt. is taking lot of steps such as e-governance, digital delivery of services, digital marketing, digital payment apps etc. Now a day, digital payments are spectacularly growing and easily used by the people due to its convenience. The digital payment apps have major role in the transaction of money such as BHIM, Phone Pe, Gpay, Paytm etc. The present study tried to know the growth of digitalization in terms of internet penetration, mobile payment apps, e-governance revenue etc. The study resulted that internet penetration is growing over the years and mobile payment app users also increasing over the years. Due to the competition among the digital payment apps, it is becoming easier and convenient. But, the accessibility of internet is confined more to urban population than remote places. So, it has to be expanded to remote places in terms of internet connection and proper usage for the betterment of their lives.

Keywords: Digital payments, Information and Communication Technologies, Indian Prime Minister Naredra Modi

Introduction

During the ongoing pandemic COVID -19 physical cash handling as a daily routine, is being considered as a major cause of concern for risk of contamination.” contactless payments could be the way ahead and payment modes like UPI, IMPS, RTGS, mobile wallets and net banking could contribute effectively in reducing human interactions and sterilizing of physical notes and providing incentives for digital payments as other counter-measures for the outbreak.

The dynamic ecosystem of payments is expanding, evolving and the channels of digital payments are growing robustly. In the recent years, this industry has witnessed many trends and forces that are making our nation the most exciting payments hotspot in the globe (*Economic times*). The “Digital India” concept is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society. “Faceless, Paperless, Cashless” is one of professed role of Digital India. As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available such as banking cards, USSD (Unstructured Supplementary Service Data), AEPS (Aadhar enabled Payment System), UPI (Unified Payments Interface), Mobile Wallets, Banks prepaid cards, point of sale, internet banking, mobile banking and micro ATMs. (cashlessindia.gov.in) Digital payments in India are expected to grow over three-folds to Rs 7,092 trillion by 2025 due to government policies in financial inclusion and growing digitalization. The country’s digital payment market is worth around Rs 2,162 trillion in 2019-20. The current 160 million mobile payment users will multiply by 5 times to reach approximately 800 million by 2025 (*Financial Express*). Total transaction value is expected to show an annual growth rate (CAGR 2020-2024) of 16.7 per cent resulting in a projected total amount of US\$137,461m by 2024. The market's largest segment is digital commerce with a projected total transaction value of US\$57,574m in 2020 (statista.com).

Hence the concept of digital payment have key role in the modern era. This research attempted to know the growth of digital payments in India and also how it was helpful in the pandemic COVID -19.

Methodology: The research is based on Secondary data and processed through descriptive statistics and CAGR.

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Result and Discussion

Table 1: National Scenario of Internet usage 2019-20

2019-20	Population	%	Internet users	%
Over All	1.32 billion		636 million	48.18
Urban Population	430 millions	33%	337 million	78.37
Rural Population	890 million	68%	290 million	32.58

The Table 1 indicated that national scenario of internet usage in 2019. It depicted that, the urban population is more in internet usage (78.37%) than rural population (32.58%). It is due to poor internet connection and lack of knowledge over internet usage.

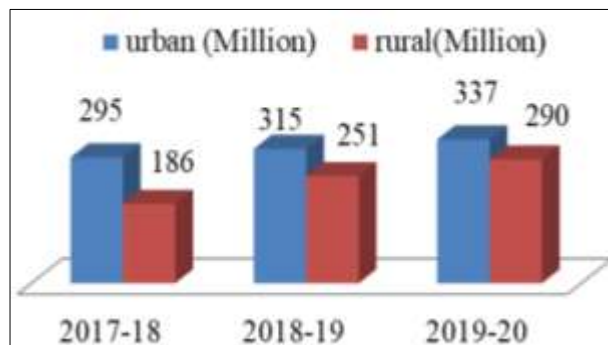
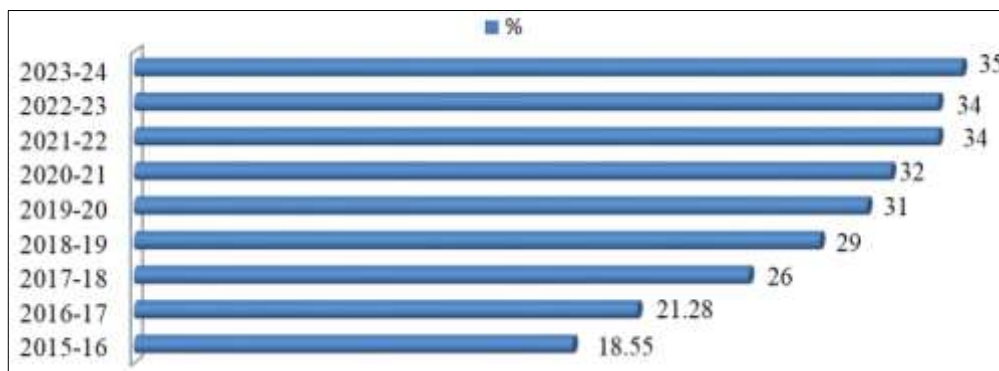


Fig 1: No. of Internet users in India from 2017-18 to 2019-20

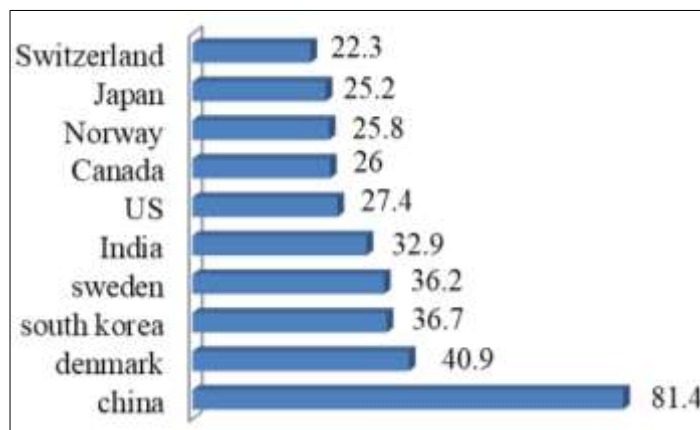


www.statista.com
CAGR 7.93

Fig 2: Mobile Phone Internet Penetration in India from 2015-2023*

Figure 2. showed the mobile phone internet penetration in India from 2015 to estimated 2023. For easy digital payment smart phone provided with internet facility is very important. Over the years, internet penetration growing at rate of 7.93 per cent annually. It has increased from 18.55 per cent in

2015-16 to 32 per cent in 2020-21 and it was estimated to reach 35 per cent during 2023-24. It is due to faster smart phone penetration, affordable internet and policies related to financial inclusion.

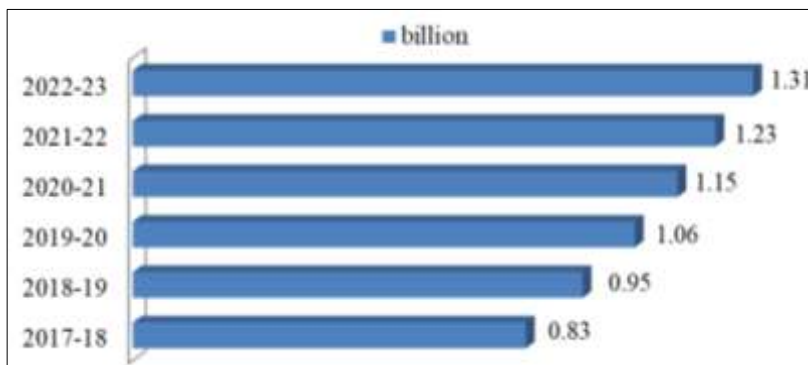


www.statista.com

Fig 3: Top Ten Mobile Payment User Penetration 2019 over the globe (%)

Fig. 3 showed the top ten countries which are actively involved in mobile payments. Among the countries, China (81.4%) stands in first position followed by Denmark and

South Korea. India stands in 5th position with 32.9 per cent penetration.

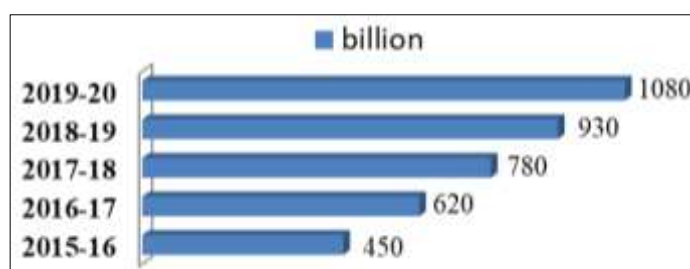


www.statista.com
CAGR 9.38

Fig 4: No. of Mobile Payment Transaction Users Worldwide from 2017-18 to 2022-23

Figure 4. Depicted that the world wide no. of population who are actively involved in mobile payments. Mobile payment users increased from 0.83 billion in 2017-18 to 1.15 billion in 2020-21. And it is estimated to reach 1.31 billion in 2023-24.

It is because, payment by mobile phone is easier, faster and comfortable with less of complications. The over the year's payment by mobile phones is increasing at rate of 9.38 per cent annually.



Source: www.statista.com
CAGR: 12.8%

Fig 5: Total Revenue of Global Payment Market from 2015-2019 (Billion US Dollars)

Figure 5. depicted that revenue generated from the global payment market during 2015 to 2019. It was increased from \$ 450 dollars (2015-16) to \$1080 dollars (2019-20).

Figure 7. Depicted that UPI transactions of various payments methods such as Gpay, Phone pe, Paytm, Amazon pay and BHIM pay 2020. Over all Gpay made the highest UPI transactions followed by phone pe and Paytm. In person to person transactions, also Gpay stands in first wiith 359 million transaction. And person to merchant transactions, Phone pe stood in first position with 193 million transactions followed by Gpay and Paytm. These kind of apps are gaining much of attention of the people by giving attractive special offers, scratch cards, discounts per transactions etc. BHIM app had less transactions compared to other apps. But, currently BHIM is also making efforts by travel offers, shopping offers, Dining offers, E-commerce deals, online pharmacy offers to grab the market.

Table 2: E-governance Transactions of India from 2013 to 2017

Sl. No.	Year	E-governance transaction
1	2013	66.25 lakh
2	2014	96.90 lakh
3	2015	01.85 crore
4	2016	03.00 crore
5	2017	08.42 crore

Source: Ministry of Electronics and Information Technology

Figure 6. indicated that, E-governance transaction of India from 2013-2017. Over the years, e- governance transaction is increasing from 66.25 lakh to 8.42 crores. Now the government is making the paperless economy easy by accepting things online such as various applications, payments, exams, transferring incentives, scholarships etc.

Table 3: Total UPI transactions and BHIM contribution 2019

2019	UPI (Million)	BHIM (Million)	Contribution (%)
Jan	672.75	13.98	2.08
Feb	674.19	12.83	1.9
March	733.54	14.92	1.87
April	754.54	15.15	1.94
May	781.79	15.77	2.15
June	799.54	15.49	2.05
July	822.29	16.01	1.95
August	918.35	16.89	1.84
September	955.02	17.18	1.79
October	1148.36	16.96	1.47
November	1218.77	15.76	1.29
December	1308.4	17.82	1.36
CGR	6.29	2.22	

<https://www.bhimupi.org.in/>

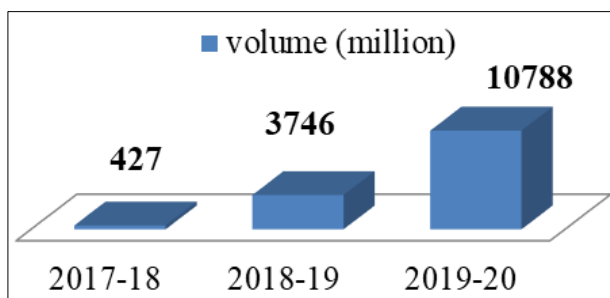


<https://www.npci.org.in/>

Fig 7: Digital Payments: UPI Transactions 2020

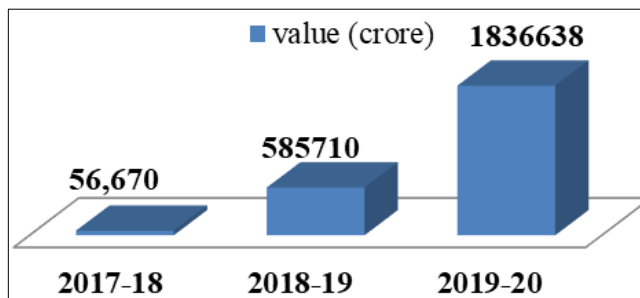
Table 2. indicated that, month wise data of UPI transactions and BHIM contribution to it. The data showed that, the contribution of BHIM to UPI transaction is increasing at the

rate of 2.22 per cent annually contributing 17.82 million transaction out of 1308.4 million UPI transactions.



<https://www.bhimupi.org.in>

Fig 8: Growth of volume and value of BHIM 2017-2019



<https://www.bhimupi.org.in>

Fig 9: Value of BHIM transactions over the years

Figure 8. Depicted that, volume and value of BHIM from 2017 to 2019. Volume was increased from 427 million in 2017 to 10788 million in 2019-20. And value increased from 56,670 Crore to 1836638 crores. It is a positive thing that BHIM is also becoming equally competitive compared to other payment apps.

A Case study of ReMS in Karnataka

Researcher selected Hubballi, Yallapur and Savadatti APMC as study area to know an e-payment status among the farmers. Researcher have used simple descriptive statistics for the study.

Table 4: Awareness of E-payments or digital payments among the farmers

Particulars	Hubballi APMC (N=30)		Yallapur APMC (N=30)		Savadatti APMC (N=30)	
	Small and Marginal Farmers (n=20)	Big farmers (n=10)	Small and marginal Farmers (n=17)	Big Farmers (n=13)	Small and marginal Farmers (n=23)	Big Farmers (n=7)
Adequate knowledge on E-payment	8 (40.00)	7(70.00)	7(41.17)	6(46.15)	5(21.73)	6(85.71)
Partial knowledge on E-payment	8(40.00)	2(20.00)	7(41.17)	5(38.46)	12(52.17)	0(0.00)
No knowledge on E-payment	4(20.00)	1(10.00)	3(17.64)	0(00.00)	5(21.74)	1(14.29)

The above table depicted the e-payment knowledge of the farmers in few selected APMCs. In Hubli APMC, 40 per cent of the small and marginal farmers and 70 per cent of the big farmers have the knowledge of e-payment in online marketing. Whereas as in Yallapur APMC 41.17 per cent of the small and marginal farmers and 46.15 per cent of the big farmers have the knowledge of e-payment in online marketing. In Savadatti APMC 21.73 per cent of small and marginal farmers and 85.71 per cent of big farmers have the knowledge on E-payment.

This is all due to age, education and urge to know the new things in online marketing.

Conclusion

Digital Payments are user friendly, easy and convenient. Now a days mobile payment apps digital payments extremely easy than desktops. In this COVID-19 pandemic, digital payments are the safest instruments for transaction than physical hard cash transactions; hence, Digital Payments have come as boon in this pandemic. However People with only smart phones associated with internet can easily access and people in the rural ares and remote places have limited access due to poor internet connectivity. So there is a need to address such kind of hindrances.

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